



Department of Energy

Washington, DC 20585

March 10, 2004

MEMORANDUM FOR DISTRIBUTION

FROM: HELEN O. SHERMAN, DIRECTOR *Helen O. Sherman*
OFFICE OF FINANCE AND ACCOUNTING POLICY

SUBJECT: CONTRACTOR PENSION OBLIGATIONS - FY 2004 PENSION
INFORMATION REQUEST

Note: This guidance has been exempted from Field Management Council review.

The Department will continue to follow the requirements of Financial Accounting Standards Board (FASB), Statement No. 87, "Employers' Accounting for Pensions," of December 1985, for measuring and recognizing contractor pension obligations. In this regard, the requirements contained in the attached "Department of Energy Pension Benefit Plans, 2004 Fiscal Year Information Request," (information request) are applicable to any DOE contractor, whether or not a management and operating contractor, for which the Department has a continuing pension obligation. Your submissions will be reviewed by Headquarters and used in the development of yearend accrual estimates, as well as consolidated Departmental disclosures in accordance with the requirements of FASB Statement No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits." **A copy of the information request should be forwarded to applicable contractors immediately to allow sufficient time to complete the required reporting schedules.**

The information request has been modified, in particular Table A-6, to reflect the recent changes to disclosure requirements contained in the revised FASB Statement No. 132 issued in December 2003 and required standardized assumptions have been reviewed and updated as needed (e.g., **required discount rate selected is 6%.**). Also, the FY 2004 information request provides, as attachments, a copy of any FY 2003 individual contractor memoranda developed by Chet Andrzejewski of Aon Consulting, Inc. regarding any additional information requested as a result of the FY 2003 review process and applicable individual contractor disclosure sheets, "9/30/2003 Disclosure Information under FAS Statement No. 87." These disclosure sheets contain information needed for the completion of the FY 2004 information request. For example, the amount on Line D.5, "9/30/2003 Prepaid/(Accrued) Pension Benefit Cost," of the attached disclosure sheet(s) must be used on Table A-1, Line D.1, "Prepaid/(Accrued) Pension Cost at 9/30/2003," of the information request.



As required in previous information requests, the pension estimates must be developed by the contractors through the use of qualified actuarial support. Two (2) hard copies of the completed submissions should be forwarded to the Office of Financial Policy (ME-11) and one (1) hard copy to our Headquarters consulting actuary, Chet Andrzejewski, Aon Consulting, Inc., 111 Market Place, Baltimore, Maryland 21202, by May 24, 2004. A diskette containing the attached reporting schedules and standardized assumptions has also been attached. One completed copy of the diskette using the prescribed formats (**Microsoft Word 2000 and Microsoft Excel 2000**) must be included with each contractor submission to ME-11 and to Aon Consulting, Inc. Any significant deviation from the information request requirements must be justified in writing and submitted to ME-11 for concurrence prior to processing the valuations. **Please note that due to the accelerated schedule for audited Departmental financial statements, it is imperative that the completed submissions and any additional yearend information be provided to ME-11 and to our Headquarters consulting actuary on or before the due dates specified in the information request.**

Procedures established by the Office of Financial Control and Reporting shall be followed for recording the pension liability or asset. It should also be noted that adjustments to the accrual estimates may be required to reflect minimum liability requirements and as additional information becomes available by yearend (e.g., updated asset information on Table A-6 required by August 25, 2004).

Please forward the name, phone number, fax number, and e-mail address of a point of contact to ME-11 by March 31, 2004. If you or your staff should have any questions concerning this memorandum, please contact Michael Lynch of my staff on (202) 586-6894.

Attachments

DISTRIBUTION:

Thomas C. Foley, Acting CFO, Chicago Operations Office
Timothy A. Rea, Finance Team Leader, Golden Field Office
Christine Ott, Chief Financial Officer, Idaho Operations Office
Kirby Rothrock, Acting Chief Financial Officer, National Energy Technology Laboratory
David Marks, Director, Office of Field Financial Management, National Nuclear Security
Administration
Kay Hansen, Acting Chief Financial Officer, Ohio Field Office
Judith M. Penry, Chief Financial Officer, Oak Ridge Operations Office
Gary A. White, Chief Financial Officer, Pittsburgh Naval Reactors Office
Philip Van Loan, Chief Financial Officer, Rocky Flats Field Office
Jean F. Schwier, Assistant Manager, Administration, Richland Operations Office
Kevin Ensign, Acting Chief Financial Officer, Office of River Protection – Richland
Operations Office
William J. Leahy, Chief Financial Officer, Schenectady Naval Reactors (Thru: NE-60/Rm
4N06/NR)
Marvin T. Huntsman, Director, Planning & Financial Mgmt. Dvn., Strategic Petroleum
Reserve Office
John Pescosolido, Chief Financial Officer, Savannah River Operations Office
Wendy L. Miller, Director, Capital Accounting Center